

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEALS OF CHILLY)	APPEAL NOS. 07-A-2420
WHITE AND GORDON WHITE from the decisions)	thru 07-A-2422 (Chilly White appeals)
of the Board of Equalization of Bonner County for)	& 07-A-2423 (Gordon White appeal)
tax year 2007.)	FINAL DECISION
)	AND ORDER

RESIDENTIAL PROPERTY APPEALS

THESE MATTERS came on for consolidated hearing October 17, 2007 in Sandpoint, Idaho before Board Member Linda S. Pike. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellants Chilly G. White (son) and Gordon L. White (father) appeared at hearing. Assessor Jerry Clemons and Residential Supervisor Jeri Peterson appeared for Respondent Bonner County. These appeals are taken from decisions of the Bonner County Board of Equalization (BOE) concerning protests of valuation for taxing purposes of properties described by County parcel nos. RP005470000280A, RP005470000030A, RP005470000160A, the Chilly White appeals; and RP005470000250A, the Gordon White appeal.

The issue on appeal is the market values of rural residential properties on January 1, 2007.

The value decisions of the Bonner County Board of Equalization are modified in part and affirmed in part.

FINDINGS OF FACT

The subject property in this consolidated appeal is two (2) bare lots, Lots 3 and 16, and two (2) improved lots, Lots 28 and 25. The property is all located in Mountain Pine Shores Subdivision near Sagle, Idaho. The lots are not contiguous. Following are the respective value opinions, by parcel, of the parties to this appeal.

RP005470000280A (Lot 28)

The assessed land value for this parcel is \$311,438, the improvements' value is \$235,973, totaling \$547,411. Appellant requests the land value be reduced to \$115,000, and the improvements be reduced to \$185,000, totaling \$300,000.

This subject property is a 7.75 acre lot improved with a residence built in 1986.

RP005470000030A (Lot 3)

The BOE reduced the land value for this parcel to \$275,055. On appeal the County reports this value order was in error having been switched with the value for Lot 16. The corrected value for Lot 3 would be \$148,750. Appellant requests the land value be reduced to \$25,000.

This subject property is an unimproved 5.95 acre lot.

RP005470000160A (Lot 16)

The BOE reduced the land value for this parcel to \$148,750. On appeal the County reports this value order was in error having been switched with the value for Lot 3. The corrected value for Lot 16 would be \$275,055. Appellant requests the land value be reduced to \$115,000.

This subject property is an unimproved 7.99 acre lot.

RP005470000250A (Lot 25)

The assessed land value is \$206,958, the improvements' values are \$416,613, totaling \$623,571. Appellant requests the land value be reduced to \$115,000, and the improvements' values be reduced to \$325,000, totaling \$440,000.

This subject property is a 5.15 acre lot improved with two (2) separate residences. The Assessor characterized the lake views from this site as excellent.

Appellants, father and son, holding the subject properties in separate ownerships, contend the County's increased valuations for 2007 were based primarily on one (1) 2006 lot sale in

Mountain Pines Shore Subdivision. The one (1) sale, at the purported peak of the real estate market, was considered statistically unreliable to establish subjects' current market values. The 2006 sale (Lot 24) was generally considered to be superior in view, topography and access compared to subjects.

Appellants presented an independent fee appraisal on Lot 3 (allegedly the most flagrant over-valuation) and other market information including data on past sales, listings and offers. It was reported subjects had difficult access among other negative property features, such as limited water and steep terrain. In most cases subjects also had relatively limited lake or city views. For instance, Lot 3 had a lake view from the top of the lot, but at the only practical homesite location further down the hill, the view was limited.

The fee appraisal was dated January 1, 2007 and considered three (3) sales and three (3) unsold real estate listings. There was reportedly insufficient time to appraise all four (4) subject lots. The appraisal for Lot 3 estimated this property's market value at \$70,000. The appraisal's comparable sales were located between 4.5 and 12 miles distant from subjects. It was agreed by all the parties that Lot 3 was the least desirable site of the four (4) subject lots.

Appellants also presented a large number of color photographs depicting the subject property and other properties mentioned in these appeals. It was noted acreage connected with a single-family lot was often less important than other value factors such as access and view.

The County agreed Lot 3 was unique among the subject lots where it was narrow with different access and view. The buildability was opined to be more questionable. The value was agreed to be much less than the other lots.

Respondent explained a clerical error in the BOE decisions on subject properties where the ordered reductions in value for Lots 3 and 16 were switched. Corrected values were

provided, however it was noted there was no impact on the total taxes using either set of numbers.

On subjects' land values, the Assessor looked to a sale from subjects' subdivision dating to mid-2006. The price for the 5.42 acre lot (Lot 24) was \$280,000. It was unrefuted this sale was at the peak of unusually strong market activity and reflected a superior lot on access, topography and other features. The improved subject Lot 25 was adjacent to this sale property.

Two (2) other sales were presented by Respondent in support of subjects' assessed values. These sales were from another subdivision about three (3) miles distant, which had superior water access improvements and common areas. Some of this sale property was steep like much of subject lots and the County noted there were also size similarities. The sales from the other subdivision were from mid-2006 and had prices of \$382,000 for 4.377 acres and \$285,000 for 2.027 acres.

The Assessor discussed differences between the County's comparable sale properties and subjects but attempted no dollar or percentage adjustments to account for the differences. An analysis of average selling prices on a per square foot basis was presented in support of the subject improvement values. The analysis accounted for quality of construction and depreciation considerations.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Market value is primarily a factual question. Appraisal and assessment are not precise

sciences. Regardless of the challenge proposed by the assessment need, market value must be estimated annually for assessment purposes. Idaho Code § 63-205(1), et seq. Good comparable sales information was limited in this record, due mostly to a lack of recent, nearby and highly similar property sales. There was evidence of dropping prices and decreasing real estate activity by the end of 2006.

For Lot 3, the Board found the best evidence of value was presented by the independent fee appraisal. The appraisal presented a more demonstrated consideration to the property's primary value factors. Although not presenting values on the other subject lots, the appraisal did shed helpful light on considerations pertinent to a sound valuation of the other parcels. Some of the indicated adjustment to Lot 3 for access challenges and other amenity characteristics, were likewise not found to be duly reflected in the assessed values of the other subject parcels. The fee appraisal was more precise where the Board found such precision was warranted.

The County did identify closer comparables. These sale properties were capable of comparison, but specified adjustments for differences in beachfront and lake access and road access were wanting for the comparables located in a different subdivision. The Board was unable to reliably consider subjects' market values from the information presented on the 2006 Lot 24 sale. Some consideration was given this sale, but exclusive or even major consideration was not found to be warranted given other data in the record. On the subject improvements, Appellants' information was at times suggestive of values but was not generally as sound as the County's considerations of value.

On the improvements, the information in record was found to require an access adjustment. More information from good improved comparable sales would have been preferable. Under the circumstances, the Board finds some of the further adjustment to subject

lots for access challenges would also apply to the subject improvements as valued, but to a lesser degree. Considering the related information with land values, and factoring in some judgment, a minus 10% adjustment was determined applicable to the improvements as assessed.

The Board has found evidence of over-assessment on each subject parcel. Idaho Code § 63-511(4). The error was demonstrated to rest in significant part with the lot assessments. The final values listed below take into account the corrections offered by the County at hearing on Lots 3 and 16, as well as the other value information cited above in the fee appraisal, and the witness testimony at hearing. The Board's finding of value for Lot 16 was close to the BOE's erroneous value and this assessment will therefore remain unchanged. The Board has considered the adjustments called for on Lot 3 -- which are admittedly somewhat different in respects to those applicable to the other lots, in making corrections below on the remaining two (2) assessments. The decisions of the Bonner County Board of Equalization will therefore be modified in part and affirmed in part (Lot 16).

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the value decisions of the Bonner County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED as to Lots 28, 3 and 25 to reflect the following ordered values; and AFFIRMED as to Lot 16 as follows.

<u>Parcel</u>	<u>Land</u>	<u>Improvement</u>	<u>Total</u>
RP005470000280A	\$210,000	\$210,000	\$420,000
RP005470000030A	\$70,000	n/a	\$70,000
RP005470000160A	\$148,750	n/a	\$148,750
RP005470000250A	\$160,000	\$375,000	\$535,000

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from either Appellant/taxpayer.

DATED MAY 1, 2008